

# COST and MANAGEMENT

THE OFFICIAL JOURNAL OF

THE CANADIAN SOCIETY OF  
COST ACCOUNTANTS & INDUSTRIAL ENGINEERS

INCORPORATED 1920

HEADQUARTERS, 50 HARBOUR STREET, TORONTO

W. A. McKague, General Secretary

Telephone ELgin 8914

---

Vol. 11

FEBRUARY, 1936

No. 2

---

## CONTENTS

---

### TRANSPORTATION AND OUR RESOURCES.

Brig. Gen. C. H. Mitchell .....	34
EDUCATION FOR COMMERCE. R. R. Thompson, C.A. ....	41
IMPERIAL OIL'S WELFARE PLAN .....	45
PERSONALS .....	50
BUSINESS MAKES GOOD START IN 1936 .....	52
CHAPTER NOTES .....	54
REFERENCE LITERATURE .....	55
TARIFF AND TAXATION .....	56
COMMITTEE ON COSTS OF MILK .....	64
INSTITUTE OF COSTS AND WORKS ACCOUNTANTS .....	64

---

Subscription price to non-members, \$5 a year. Single copies 50 cents.  
Members desiring 5 copies or more of a single issue may obtain them  
at 25 cents each.

# Transportation and Our Resources

By BRIG.-GEN. C. H. MITCHELL

(Before Toronto Chapter, October 28, 1935)

**T**RANSPORTATION is naturally a paramount problem in Canada, because of the geographical characteristics of the country. Canada has the advantage of lying closest for sea routes to Great Britain and Europe on the one side and Japan and China on the other, all great consuming or industrial countries. The transportation routes through Canada are recognized as commercially strategic in their directions for the British Empire. The sea route from Montreal to Liverpool normally seven days, requires only 4½ days in the open Atlantic. The shortest route, New York to Liverpool, passes within 60 miles of Halifax.

Within Canada itself it was but natural that statesmen, business men and engineers recognizing the difficulty and advantages of the country's geographical features, attached great importance to the construction of transcontinental routes as a means of developing and accelerating its business. The construction of the Canadian Pacific Railway arose from this idea and after it had been in operation only about 20 years there commenced another cycle of railway building. In fact two routes or systems evolved, later to be united with other systems, all of which now form the Canadian National Railways.

To take the Canadian Pacific Railway as an example of how the development of a new country arose from transportation and railway building, one has only to look back over the development of Canada as a whole during the past 50 years.

It will be fifty years next week, 7th November, since the Canadian Pacific Railway was finished by the driving of the last spike at Craigellachie, B.C., by Lord Strathcona, then president. Since that time the history of Canada, particularly in the west, has been a Cavalcade of Progress, definitely uniting the east and the west. The history of the country and all the happenings of fifty years have been tied up to this (see illustration and C.P.R. advertising, Maclean's Magazine, November 1, 1935). So also transportation on the Great Lakes and the river routes of Canada. Transportation history of these, of course, goes back centuries. It is surprising how their geography has made the history of Canada. There are many places, thus, where geography and history meet.

Has it ever occurred to us how history in Europe, and later on this continent, has met geography at some great ocean or inland

## TRANSPORTATION AND OUR RESOURCES

port, or by the junction of two rivers, or on a great river where a land route crossed? Let us think of Canadian history in this same manner, primarily of course, on the Great Lakes' system. Even the circumstances by which our own city of Toronto was set down here, were of this nature, the junction of an overland route with a lake.

### An Island Sea—Above Sea Level

Has it ever occurred to us also, how the Great Lakes' system, extending into the heart of the continent, is in some measure a counterpart of the Mediterranean extending inland to the shores of three great continents. To look at the map there is a similarity of course, but an actuality there is not, because of the difference of level, 245 feet Lake Ontario to the sea, 610 feet Lake Superior to the sea.

How would history have been changed in Canada if the kind of Providence had made the Great Lakes at the same level as the sea? On the other hand, how would the ancient and modern Mediterranean Sea and history of its depending countries been changed if its level were 245 feet above the Atlantic? These things are worth contemplating.

We may be inclined to think that Providence was not kind to this continent and this country in raising our lake system above the ocean, but we think that simply when we think of transportation. Here is one place where we can tie transportation and our resources together. These great differences in level between the lakes and the sea and between the lakes themselves mean, under modern conditions, millions of horse power which can be useful for the development of our country. One could go into much conjecture about the future of this.

A few years ago we were giving a great deal of thought to the enlargement of our navigation system from the Great Lakes to the sea. Today it is quietened for a time. One need not enlarge on the great value of the new Welland Canal 27 feet depth, even though it has cost so much (\$130 million.) This, however, is only another phase of a greater development which, before long, will be carried through to the sea by the same depth through the St. Lawrence River proper, to cost, for navigation alone, about twice as much more.

Very closely involved with water transportation on the St. Lawrence for instance, is the power development — nearly four million horse power for Canada. The two phases of development of our resources hang together, not only in their construction but in their products. Industrial development and manufactures in that part of Canada, alongside facilities for inland and ocean navigation, will provide a tremendous asset for the country's future.

### Air Transportation

The past twenty-five years has brought air transportation to us in Canada. More particularly has the last ten years brought it to

## COST AND MANAGEMENT

the doors of our factories and our homes. We hereabouts at Toronto and old Ontario do not see quite how much this means, especially as during the past five years the activity of air transportation in these parts has been considerably curtailed. It is in the north, however, that it has progressed and it is hard to conceive how the North would now even be developing, if at all, were it not for the aeroplane.

Do we realize that the development of this country is steadily northward? In the early days of Canada as a Dominion, development was westward until we connected the provinces and the oceans. Now we move ever northward, not only with our roads, but with our railway branches and our air routes. It is to the north that we, at the present time, are indebted for our buoyant condition coming out of the depression in connection with our mining industry, particularly with gold.

The development of the new type of engine—for the motor car with gasoline and oil—the past quarter century has also had a tremendous influence on our history and our growth. That this should have so rapidly progressed and demanded the construction of roads throughout the country, has been the most outstanding development in the field of transportation. That it should have progressed so rapidly is a miracle. This development has had a profound effect on the lives of our people, upon our industries, and particularly upon our former transportation methods, especially the railways.

### Railways Have Improved Efficiency

Let us not make any mistake in thinking that the railways have not been progressing by new applications and new developments at the same time. For instance, the tractive power of the average steam locomotive in the United States has been raised between 1920 and 1933 by about 28%. The average freight car capacity increased from 42 tons to 47 tons in the same time. There has been a decrease in fuel consumption of nearly 40% on the basis of tons hauled.

The transportation methods for mass movement having brought about such changes, it is not surprising that serious thought had not been earlier given to anticipating the handling of small quantities of merchandise over short distances at high speed; especially the means by which the goods would be taken from the consignor's premises direct to the door of the consignee. Transportation now finds itself mainly in the position where it is a question of co-ordination of these two methods.

Transportation on this continent at the present time has been greatly complicated by outside conditions. Economic causes and the trade depression have had severe reactions. These general reactions have occurred at the same time as those special ones due to the appearance of highway transportation. Railways at a time when they have

## TRANSPORTATION AND OUR RESOURCES

had economic difficulty in retaining traffic, passenger and merchandise, have suffered great declines of traffic in coal, steel and other products of the heavy industries.

We observe the great magnitude of passenger motor traffic radiating from our cities. Those of us who can remember the same kind of service on the railways thirty years ago, must realize how this has changed our mode of living and how it must affect the railways. Even in the past ten years the passenger miles travelled in private automobiles appears to have increased over 500%.

The passenger revenue of Canadian railways has progressively decreased from \$75 millions to \$31 millions in 1934. The large part of this is due to the passenger automobile and only a comparatively small amount to buses.

### The Motor Vehicle and Highways

Motor vehicle registrations in Canada were:

1904 .....	535
1914 .....	74,246
1924 .....	645,263
1934 .....	1,129,532

In 1934 there were 164,046 trucks and 33,032 trailers, of which between three and four thousand may be classed as common or contract carriers.

With regard to highways, the total invested in provincial highways throughout Canada in 1934 was nearly \$204 millions which represented approximately 35% of the entire provincial indebtedness. There are today in Canada 409,269 miles of improved and unimproved roads. Of these over 86 000 miles are of gravel and water-bound macadam and over 7,000 miles of hard surfaced highways. These show increases over 1924 of 79% respectively.

### Traffic Lost by Railways

The effect of truck operation in Canada is very marked. Total traffic of railways in Canada over the four years prior to the depression averaged about 110 million tons per annum. In 1933 this had shrunk to about 57 million tons. The proportion of less than carload traffic to the total fell from about 4 1/4% over those years to 3 1/2% in 1933. Consequently, great as has been the decline in total traffic, the less than carload traffic (particularly vulnerable to truck competition) has declined more.

Computations indicate that the decline in less than carload traffic, attributable chiefly to highway operations, has been about 45% in the past 8 years. Putting this on to a tonnage basis, it is estimated that the trucks now carry over two million tons of merchandise which was formerly carried by the railways. There is evidence that carload traffic is being affected as well. We must keep in mind that the traffic taken from the rails by truck is of a high-class and bears a higher rail rate. Estimating an average revenue of \$8.00 per ton,

## COST AND MANAGEMENT

the railways in Canada appear to be now losing over \$16 million a year in freight traffic alone.

Some figures from truck operation in the United States are interesting. Much needed produce including milk, butter, garden fruits, live-stock, etc., is being moved over the highways in increasing quantities and over increasing distances; for instance, in June, 1935, 13% of all butter consigned to New York was moved over the highways and of this total nearly 75% was from points 900 to 1,300 miles distant. Tonnage hauled last year by truck to the Union Stockyards at Chicago, and coming from as far as the Dakotas, Nebraska, Iowa and Missouri, showed an increase of 55,000 carloads over 1933. A new refrigerator truck line has recently been started between Omaha and New York City, equipped with special refrigerator trucks, covering a route of some 1,700 miles in 72 hours, at an average speed of 21 miles per hour.

*The foregoing figures and some of those following, are obtained (with permission) from an address by Dr. F. A. Gaby, President of the Engineering Institute of Canada, before the Toronto Branch of that organization on the 17th October, 1935.*

The development of road transportation has been undergoing a change in recent years toward greater economy in engines and fuel. The former gasoline is being replaced largely by oil in the operation of the Diesel type of engine and it will be along this line that competition with the large railway systems will develop, in fact the railways are now introducing this engine.

Notwithstanding its many difficulties and the great and rapid improvement in the past few years, transport by truck has not yet proved very profitable either to its owner or the employees engaged in the industry. The economics of truck operations are in a very mixed condition, due to disastrous competition.

### Close Competition

The ultimate question faced by the railways with their hundreds of millions of investment will be how to meet the competition. The results of this and what the future may be in the way of co-ordination are difficult to forecast. It would appear that the further stages will be to avoid diverse and unnecessary duplication of services by wise and careful regulation of all forms of transport. Wasteful duplication in service by indiscriminate issuing of licenses ought not to proceed. Public convenience and necessity, including consideration of financial ability and the quality and permanence of services of all kinds, should be the first considerations in the issuing of truck licenses.

The amazing strides in the development of air transportation on this Continent have been very marked, especially the last six years. In the United States in the first half of 1933 there were 320,000 pas-

## TRANSPORTATION AND OUR RESOURCES

sengers carried by air, an increase of about 25% over the same period of 1932. Express carried in the same period increased nearly 140%. In Canada paying passengers in 1932 were 52,000 and in 1934, 72,000, showing an increase of about 20% yearly.

Trends in air transport show transcontinental schedules of about 18 hours with crossings projecting at very much less, even down to 12 hours. Passenger fares seem to run to 5 or 6 cents per mile or less than twice existing railway fares.

The railways are meeting this present situation of diverse types of competition by providing improved services, higher speeds, more efficient motive power, air-conditioned cars, etc. They are even getting to lighter equipment, using aluminum alloys and streamlined trains for their passenger service. Freight trains are now travelling almost as fast as passenger trains in some parts of the United States and Canada, getting as high as 80 miles an hour.

Pick-up and delivery service are now being performed by the railways at no increase in cost to the shipper, by combining their express and freight services. Pooling of passenger services and abandoning duplicate lines are being accomplished. Efficiency is being increased and expenses cut in almost every branch of activity.

The railways, while making these changes and co-ordinating services, do not appear to think these are the complete answers to highway competition, but already it seems to have had some affect in regaining traffic for the railways. The traffic carried by the U.S. express companies has grown steadily to a considerable part of the total. 1934 showed an increase over 1933 of 40% in revenue and 100% in volume and it is estimated that from 75 to 80% of the increase consists of traffic diverted from the trucks.

### Possibilities of Co-ordination

Nevertheless, there seems to be an opinion among the railways that much of the traffic they have lost they will never recover. The real meaning of this is that each method of transportation has its place in the economics of the country. With our fast-changing and complex modern methods of living, it will be found that within certain spheres different types of transportation will prove to be superior, although some of them may be consolidated or overlapped. In this connection as between railways and highways, it is well to remember the opinion expressed in the report several years ago by the Canadian Royal Commission "In a properly co-ordinated transport system the railway would assume the main burden of the carriage of goods over distances exceeding fifty miles and the trucks would operate as collectors and distributors of freight". It is quite obvious that since that decision was handed down the radius of fifty miles has greatly increased and it is now likely that we offer them in terms of at least 100 miles.

## COST AND MANAGEMENT

In general, in addition to the foregoing, there are many problems which railway, highway and air transportation have to face, such as shifting of population, condition of domestic and international markets and the realignment of transportation routes generally. In Canada the latter are replaced by the Panama Canal, the Hudson Bay route, the St. Lawrence route, etc.

There is still much more involved, however, in the general question of transportation in this growing country. Geography, history, economics and engineering are all in the picture, a picture of a mosaic pattern; these may be said to form the outstanding coloured parts of the picture, some of them brighter than others perhaps. The main ground work of the picture, however, contains the substance of the landscape—the foreground, the middle distance and the background.

The main ground work of the transportation picture of this country, whether of the near or the distant view, is made up of our great national resources, our human as well as our natural resources. These have always formed a happily coloured tone in all of our Canadian pictures—what the artist sometimes call atmosphere. It is these outstanding tones of our national pictures which have always attracted the attention of other countries and the people from them. It was these tones which attracted our own ancestors when they came from the mother country.

Whatever may have been the general tones of our national pictures in recent years, dulled a bit perhaps with the depression, there have always been coming through them undertones of brighter colour. Some of us, in fact most of us in recent years have spoken of our Transportation Picture as a problem picture. That may be, but often-times, as we have looked intently at a picture of that kind, we have gradually seen the real picture come through and up out of the brown or drab neutral colours and stand out with some kind of brilliance when placed in a good light—a proper light.

So it is with our transportation picture. If we can just get it into proper light and study it awhile, with diligence, tolerance and patience, the colours will gradually come up and through, and it will no longer be a problem picture.

---

The police had photographed the convict in six positions and sent the pictures throughout the country, asking the authorities to apprehend him. Promptly came the reply from the Marshal of Hicksville Corners, which read as follows: ..

"Received the pictures of criminals. Have captured five of them and am on the trail of the sixth.

\* \* \* \*

And then there was the absent-minded suicide who threw his clothes in the river and laid himself on the bank.

# Education for Commerce

By R. R. THOMPSON, C.A.

*Professor of Accounting, McGill University, Montreal, Que.*

(A radio address)

**T**HIS is the second of a course of lectures on education for commerce, which is being given under the auspices of the Canadian Society for Commercial Education. In the first lecture Dean Laureys dealt with the complete dependence of our modern civilization on Commerce. As the exchange of goods is reduced so does our standard of life sink, and we descend a little lower in the scale of civilization. In this lecture it is my object to show that great increases in commerce have given the impetus and strength to great waves of general culture, and that, usually, when the commerce and its consequent wealth have died away, the waves of culture have lost their force.

It is commerce or the exchange of goods which opens up routes and means for transportation between nations, sometimes over great natural barriers such as mountains, or deserts, and sometimes over the sea. Men carry their ideas with them, and so these transportation routes form channels along which flow streams of different cultures, ideas and learning. Invariably, these streams flow both ways, and accordingly, a constant interchange results, and the culture of all increases. In addition, commerce provides the necessary extra wealth, which makes it possible to have institutions, where higher arts and learning can be developed.

## Example of Greece

May we turn to history for a few minutes. Greece is a mountainous and rather barren country, and its coastline is so indented that the bulk of its population has always lived near the sea. In ancient times its roads were few and poor and there was much internecine warfare. To the ancient Greeks the sea was a great open road, which led almost everywhere in the known world. As a result of the condition of country, many Greeks were forced to look outside of it for a living, and accordingly they became great sailors and merchants, their ships carrying goods as far as Trebizonde on the Black Sea, and as far west as the Mediterranean coast of Spain. They established trading colonies throughout the Mediterranean, and the cities of Greece commenced to grow because of their manufactures and overseas trade. By the seventh century B.C. Greek merchants and sailors had become acquainted with all of the races and civilizations of the

## COST AND MANAGEMENT

Mediterranean, particularly those of the eastern portion, and from them had brought to the cities of Greece new ideas and theories as to life, government and so on. Because of this, Greece, and especially Athens, became centres for the exchange, not only of goods, but of ideas. These Greeks were men of acute and enquiring minds, and their cities produced not only merchandise but also theories and philosophies regarding ways of life and governing men. As a result, ancient Greece built up a civilization, which some would say has not yet been surpassed; and with the wealth brought by her commerce developed her arts, so that in some branches they are regarded as perfect in their style—in architecture, sculpture, the drama and others. For its general culture, Greece of the fifth century, B.C. has never been surpassed, and such names as Herodotus, Thucydides, Aeschylus, Sophocles, Euripides, Aristophanes, Socrates, Plato, and Aristotle command the respect and admiration of the whole of the civilized world to this day. And all of these men lived at some time in Athens, which, with its seaport the Piraeus, was at that time the greatest mercantile and sea-power of Greece. Greece fell, because Greeks could not unite her cities into one compact state with a common loyalty. Greek culture and commerce lived on and developed even after Greece as a political power was subject to Rome, and after she had become part of Byzantium; but later, when pestilence and warfare had ruined her wealth and commerce, she sank with them, and the culture of the Greece of 1000 A.D. was at a very low ebb indeed. Meanwhile, Greek scholarship and art had found a home in Byzantium, and it lived there until that empire was finally destroyed by the Turks.

### A Great Middle Age Port

Again: in the eleventh century men realized that Venice was a most convenient port for trading between Central Europe and the Orient, and, so, commerce brought prosperity and wealth to Venice, and through that city to northern Italy. It is significant that in Bologna, not 90 miles from Venice, here was founded, a few years afterwards the earliest university in Europe. It grew around a school which had come into existence to meet a need of the time, a school for the study of the canon and civil law. As time went on, other cities became prosperous and great; Genoa, Florence, Pisa and others. Travel and the exchange of goods brought with them the exchange of ideas and the broadening of minds, until, with St. Francis of Assisi as its forerunner, and Dante as its herald, there developed in northern Italy in the fourteenth century that great and wonderful intellectual movement, the Great Renaissance, which marks the transition from the Middle Ages to the modern world. That movement brought a new attitude of mind and commenced and quickened new developments in philosophy, literature and every branch of art, which spread through Europe and are continuing today. Early in the thirteenth century the teachings of St. Francis of Assisi had given men a new

## EDUCATION FOR COMMERCE

and kindlier outlook on Humanity and the World: as one result, artists, such as Cimabue and Giotto, broke away from the stiff formalism of Byzantium, and returned to the study of Nature. Inspiration came from the Latin Classics, and there arose Dante and other poets: later, after the fall of Constantinople, in 1453, had scattered many Greek scholars throughout Italy and other parts of Europe, the movement received inspiration from the Greek: and men realised something of the wealth which lay in the literatures of ancient Greece and Rome, and accordingly, the imaginations of artists and writers were further kindled and set afire; but it was Commerce that brought about the continual interchange of thoughts and ideas, and provided the strength, which empowered this Renaissance to achieve its full fruition.

There is no time even to mention the names of the principal giants in art, literature and learning of this immense development, which was one of the great turning points in the history of the World. Such names as Petrarch, Ariosto, Galileo, Michael Angelo, and Raphael are household words, and they are but a few of the principal names. The movement spread to Spain, where it culminated in Cervantes and Velasquez. It is significant that the two cities, which took the greatest parts in the commencement of this Renaissance were Venice, the great trading port, and Florence, which, in its day, was the principal manufacturing city of Europe for woollen and silk goods. The fact is that it was the commercial wealth of northern Italy which made possible the splendour of the Renaissance, and the founding of such schools of learning as those of Bologna, Salerno, Naples, Padua, Rome and Perugia.

After the discovery of the Cape Route to India, the commerce of the eastern Mediterranean declined, and so did the commercial wealth of Italy, and with them the force of the Renaissance in Italy faded away.

As a sequence to this development of trade in Italy, and prior to its decline, there came to the cities of northern Europe great commercial and industrial prosperity, and, as this grew, so did the northern peoples develop their own renaissance of learning and the fine arts in Flanders and elsewhere. When speaking of this we think at once of the Van Ecyks, Durer, Rabelais, More, Erasmus, and many others who followed, such as Montaigne and Shakespeare. It is amusing to remember why the great German artist Holbein moved to England. He concluded that European monarchs were not patrons with the greatest security of tenure in office, and painted a self-portrait with the deliberate intention of securing the patronage of a steadier stratum of society, the wealthy merchants of London.

### Rise and Fall of Commercial Egypt

May I give one more example from history. When the Arabian Moslems occupied Egypt, that country stood at the crossways of two of the greatest commercial highways of the world—that between

## COST AND MANAGEMENT

Central Asia across the Sinai, to the Nile Valley and northern Africa, and that between India and the Orient up to the Red Sea to southern Europe. As a result, Egypt had a great commerce and was very wealthy. These Moslems brought with them their own rules about decoration and design. Their religion forbade them to represent animals of any kind for fear of idolatry, and accordingly they showed to the world the vast possibilities of geometric design. Also, they were Arabs, men of great imagination and culture, men of the type who will work, suffer, and, if needs be, die for a principle, which they believe to be right, and so there commenced that wonderful development of Saracenic Art and Culture in Egypt which attained its full glory in the fourteenth and fifteenth centuries. As evidence of this we have in Cairo today the magnificent university—mosque of El Azhar, the great and dignified mosque of Sultan Hassan, and that perfect model of elegance, the mosque of Kait Bey. This renaissance would have gone further, but in the years 1517 and 1518 two events happened. Firstly, an event already noticed—Vasco de Gama discovered the sea-route to India, and diverted round the Cape of Good Hope much commerce, which hitherto had passed through Egypt. Secondly, the Moslem Turks seized the power in Egypt, development was discouraged and most of the trade remaining was killed. Commerce almost ceased, Egypt became poor, and as a direct result the development of Egyptian culture practically ceased for 380 years. As we all know, in the latter part of the nineteenth century the British re-organised the country, and brought back its prosperity, and with it has come a revival of Egyptian culture.

Commerce has been a steady patron of learning and the arts, and has been the consistent fore-runner of culture and civilization. In our own city of Montreal, McGill University came into being because of the foresight, wisdom and generosity of a merchant. Commerce provides the extra wealth which allows of extra leisure from productive toil. It is that leisure which makes possible the development of the higher arts and the advancement of science. In fact, such important institutions as universities, schools of art and learning, hospitals, and so on, are in the last analysis, entirely dependent for their very existence on the exchange of goods. When the means for maintaining these institutions become less, then do the institutions themselves become attenuated and perhaps wither and die.

This indicates the debt which culture and cultural institutions owe to commerce, and therefore, it behoves cultural institutions to study the activities and welfare of commerce. It is their duty to identify themselves with the life of the world around them, and to meet its needs, and to prepare men and women for the life which lies before them.

---

"I asked my man: "Bill, if war should break out would you sign up?" He answered: "Well, I'd consider it a long time before I wouldn't."

# Imperial Oil's Welfare Plan

(Reprinted from "Industrial Canada")

**W**ITH about 8,000 employees in their offices and refineries throughout Canada, Imperial Oil, Limited, in their 54 years of operation, have never had a strike or a lockout. This state of industrial peace has not been achieved by chance. It is a direct result of plans made by the company's executives for the welfare of their employees and the careful administration of these plans since they have been put into effect.

The motive behind the plans may be described as a humanitarian policy or business acumen. It is probably a mixture of both, but, so far as an outsider can judge, the humanitarian policy is predominant. While the company's theory in general is that economic security creates loyal employees, and loyal employees make a successful company, in practice the welfare of the employees has been the main object of the system and the beneficial results to the company have been a useful by-product.

## Outline of Company's Policy

In a message to the company's employees published in the Imperial Oil Review at the beginning of this year, John R. Simpson, chairman of the Benefits Committee, outlines briefly the company's policy and their benefit plan. He says: "A happy citizen is, generally speaking, a useful citizen, and is helpful to all those with whom he comes in contact, whether it be socially or in a business way. It has been the endeavour of Imperial Oil to contribute to the welfare of all communities where the company is active, through giving thought and care to the welfare of its employees. This has been accomplished by looking after employees during sickness; by permitting through the Co-operative Investment Trust to participate in the company's earnings; by enabling them to provide for their dependants through insurance policies at the group rate; by providing pensions for them when they have reached retiring age or when their length of service warrants it, and by furnishing through the Joint Councils a medium of exchange of ideas between the different departments of our organization for the welfare of all of us. It has been the endeavour of the benefits Committee to carry on in the established tradition this work which was inaugurated some 16 years ago."

It must be kept in mind, in reading the description of the company's welfare plans, that the plans themselves are not nearly so important as the administration of them. Rules are necessary in the

## COST AND MANAGEMENT

maintenance of any system, but it is safe to say that where a strict application of a rule would involve unfairness to any individual Imperial Oil employee a modification is made to suit the particular case. In other words, the administrators of the plans feel that their business is to promote the employees' welfare rather than to boast of a Pharisaical adherence to every rule.

The plans which may be called purely company welfare systems, in the sense that they are operated without contribution from the employees, are the sickness and death benefits plan and the pension plan. The pension plan also has a contributory feature to supplement the pension provided by the company. These were instituted in 1918 when the late Hon. W. J. Hanna, K.C. was president of the company. The first Co-operative Investment Trust, to which both employees and company are contributors and which is a voluntary scheme, was instituted in 1920 under the presidency of the late C. O. Stillman. Group insurance is also available to employees at a moderate cost.

The sickness and death benefits plan fills a need not provided for in workmen's compensation acts. If a man is injured in the course of his employment he, of course, receives the compensation provided under the provincial act. But illness and injury when off duty are equally bad luck, and the company steps in to mitigate their effects. Sickness disability benefits are payable to employees in amounts rising in accordance with length of service. An employee who has been with the company for one year but less than two years may receive half pay up to a period of six weeks. An employee whose term of service is ten years or more may receive up to 52 weeks' half pay.

### Modifications for Special Cases

An important modification to this schedule of benefits states: "In cases of special need involving totally disabled employees of ten or more years' service, who have received fifty-two weeks' sickness disability benefits under the above schedule and who are not eligible to a retirement allowance under the "Annuity Plan" of Imperial Oil, Limited, and its participating subsidiaries, the Benefits Committee, may, in its discretion, authorize the payment of a special sickness disability benefit for a limited period." Special consideration is also given to cases of cancer and tuberculosis, each case being considered upon its own merits and such arrangements being made as will, in the judgment of the Benefits Committee, best take care of the case and assist the employee to combat the disease.

Death benefits are payable on an equally generous scale to the dependants of employees. For an employee whose term of service has been one year but less than two, three months' full pay is payable. The amount of benefit rises with each year of service up to five. For employees whose service has lasted five years or more, the death benefit payable is twelve months' full pay.

Not only active employees but also annuitants of the company are eligible for death benefits, the amount payable in the case of an annui-

## IMPERIAL OIL'S WELFARE PLAN

tant being twelve times the monthly retirement allowance being paid at the time of his death.

The maximum death benefit payable is \$3,000 in the case of active employees and \$2,000 in the case of annuitants provided that preferred beneficiaries exist. If there are no persons qualifying as preferred beneficiaries, an amount not exceeding \$500 is available for payment of expenses of the deceased's last illness and burial.

Death benefits are regularly payable in twelve equal monthly instalments but the Benefits Committee has discretion to pay any benefit in a lump sum or in such number of instalments as may best be suited to the needs of the beneficiaries.

### Group Insurance

In addition to the death benefits, which are purely company gratuities added to the employees' estates, there is group insurance available to all employees with more than three months' service of a permanent nature. It was frequently found in the past that the only form of insurance accruing to a deceased employee's estate was the company death benefit. Accordingly in 1930 the company introduced a plan whereby every employee may purchase group insurance without medical examination up to the total of the nearest \$500 above his annual wage or salary. The premiums are paid monthly to the treasurer's department by deduction from the employee's pay cheques. Although the group insurance is entirely optional, its popularity is shown by the fact that well over 90 per cent. of those eligible have subscribed to it.

### The Annuity Plan

Through the plans already described, Imperial Oil, Limited, protect their employees and their dependents against the financial hazards of illness, accident and death. To meet the hazard of old age there is the Annuity Plan.

The Annuity Plan is tangible recognition by the company of long and faithful service. The conditions under which employees become eligible for retirement on annuity are as follows:

"Regular retirement: All men who have reached the age of 65 years (women 55) and who are credited with 20 or more years of service shall be retired and granted a regular life annuity, unless in individual cases, at the joint request of the employee and the employing company, some later date be fixed for such retirement by the Board of the Pension Fund Society.

"Special retirement at request of employee: All men who have reached the age of 60 (women 50) and who are credited with 35 or more years of service shall, at the request of the employee, be retired and granted a special life annuity.

"Regular or special retirement at discretion of Society: All men who have reached the age of 55 (women 50) and who are credited

## COST AND MANAGEMENT

with 30 or more years of service, and all men who have reached the age of 60 and who are credited with 20 or more years of service may, upon the recommendation of the employing company and in the discretion of the Board of the Pension Fund Society, be retired and granted a regular life or special life annuity, either with or without the request of the employee.

**"Disability retirement at discretion of Society:** All employees who are credited with 15 or more years of service and who in the judgment of the Board of the Pension Fund Society are shown by physical examination to be permanently and totally incapacitated for service or whose retirement on account of advancing years is advisable, may be retired and granted a regular life or special annuity upon the recommendation of the employing company. Any special annuity granted under this provision may be continued during the lifetime of the annuitant or for a shorter stated period.

**"Retirement with supplemental annuity:** Any employee who is granted a regular life or special annuity under the provisions of this Section and who at the time of retirement is a participant in the contributory feature of this Plan shall at the time be granted a supplemental annuity to the extent provided in Part V of this Plan."

Up to December 31, 1931, the annuities were provided entirely by the company without any employee contributions. The annuity payable up to that time was 2% of the employee's average annual pay during the five years of service preceding retirement for each year he had spent in the company's service.

Beginning with January 1, 1932, the company pays for each year of continuous active service an annuity of 1% of the employee's average annual pay during the five years of service preceding retirement. The employee, however, may purchase an additional annuity of 1% by paying 3% of his salary to the company. This is known as a supplemental annuity.

Those employees who were in the company's service previous to 1932 receive the 2% company contribution for each year of service up to that date. For employees engaged by the company since 1931, the rate of contribution to purchase a supplemental annuity is based on age. It is specified that no regular annuity shall be less than \$300 per annum or more than 75% of the average annual pay for the five years immediately preceding retirement.

Annuitants, including those being paid special allowances, continue to be insured under the Death Benefits Plan and may also continue to carry the insurance provided under the Group Insurance Plan.

### Co-operative Investment Trusts

A fourth plan, by which employees are encouraged to make further provision for their future, has been the Co-operative Investment Trusts. Four of these trusts have been established since their commencement in 1920. The fourth terminated this year.

## IMPERIAL OIL'S WELFARE PLAN

The trusts have enabled employees to become investors in the company's stock on very advantageous terms. The trusts are established for a period of years and are open to all employees with more than one year of service. The employee may deposit with the treasury of the company up to ten per cent. of his salary. The treasury adds to this fifty cents for every dollar so contributed and the money is turned over to the trustees. With it the trustees purchase from the treasury Imperial Oil Stock at a price fixed semi-annually by the Board of Directors. This price is ten per cent. less than the average market price of the stock on the Montreal, Toronto and New York Exchanges during the preceding six months. Dividends declared on the stock during the period of the trust are also used for the purchase of additional stock. At the termination of the trust the stock is distributed to the participants in proportion to their contributions.

If an employee desires to withdraw from the trust at any period during its existence he may do so and receive back his money with interest at six per cent. but in this case he naturally does not receive the company's contribution to the trust. This goes to an accrual fund, which is invested in stock for distribution to those who continue in the trust until its termination. After the trust has terminated he is free to dispose of his stock as he wishes.

The subscribers to the four trusts total 16,790 and about 817,000 shares have been distributed through the trusts to employees. This by no means represents the total employee stock interest in the company, for many employees were purchasers of the stock long before the trusts were inaugurated and ever since they have been in operation, employees have purchased stock beyond the limits of the trust provisions.

An important by-product of the trusts has been the keeping of employees out of the hands of the wildcat stock promoter. Even in the optimistic days of 1929 it would be difficult to find a better offer of investment than that made by the trust.

In removing the financial worries connected with the fear of illness, death and old age, the company have done a great work. There remains the fear of unemployment. While this may not be entirely removed, it has been minimized. In this instance one must again refer to the spirit animating the company. The directors of Imperial Oil are all working directors. Imperial Oil is their main concern. They have worked up to their positions through the organization and are personal friends of the men under them. As business men they are interested in cutting costs of production. But, when a machine is installed that does the work formerly done by ten men, concurrently a place in the organization is sought where those ten men can be employed, and usually it is found.

There are also the Industrial Councils, which operate in each of the company's plants and constitute a protection for the employees against unjust dismissal or unfair treatment. The Councils consist of

## COST AND MANAGEMENT

an equal number of employee and company representatives, with a chairman appointed by the company. Conditions of work, scales of wages and many other matters of internal interest are discussed and settled by them. Employees' grievances are thus ironed out as they arise and not allowed to fester.

It is almost a commonplace for company executives to boast of the loyalty of the employees. In Imperial Oil the employees boast of the loyalty of their executives to those under their control. Although the company is one of the largest industrial organizations in Canada, no employee is considered as merely part of a machine. The organization continues to be a collection of human beings, proud of helping to make the machine go.

An interesting and unique expression of the employees' gratitude for the company's interest in their welfare was made at the annual meeting of shareholders in 1930, when a delegation appeared on behalf of the employees and presented the company with a fund of \$37,500 to be held in trust and used for humanitarian purposes outside the company's own activities. Tablets commemorating this occasion have been placed in the company's head offices and divisional offices.

---

## PERSONALS

---

Clarkson, Gordon, Dilworth & Nash, chartered accountants, with offices in Toronto, Montreal and Ottawa, announce that they have taken into partnership C. A. Patterson, J. Grant Glassco and Walter L. Gordon.

George A. Russell, at a meeting of the board of directors of Canada Cement Company Limited, following the annual meeting on January 30th, was appointed Comptroller. Mr. Russell has been in the employ of the company since 1909 in various capacities, for several years as chief accountant, then as assistant treasurer and assistant comptroller. Born in Ontario, educated at Woodstock Collegiate Institute, he has spent almost his entire business life in the cement industry.

George H. Houston, of Rolph-Clark-Stone, Ltd., Toronto, past-president of our Society, was the victim of a serious automobile accident recently, but after several weeks in hospital is now practically recovered.

COST AND MANAGEMENT

1886                    1936

## THE GOLDEN ANNIVERSARY of the first practical calculating machine

It was Thanksgiving Day in 1884 when a young Chicago machinist set out to remedy man's traditional inadequacy in the face of figure work. His hope: a machine that would calculate—without fatigue, without inaccuracies, without limitations of memory or physical strength. The idea was not new, but never had a practical machine been developed.

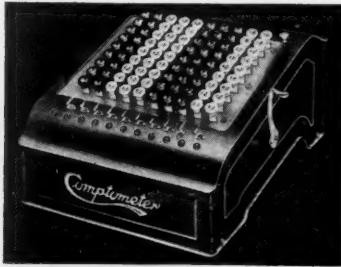
Bravely this young man started to translate his ideas into a model. His materials were limited: a macaroni box from the grocer's, skewers from the butcher's, elastic bands for springs, and jack-knife as his main tool. By January his wooden model was completed. A year later, he produced a workable model in metal.

This was the first "Comptometer," and the young inventor was Dorr E. Felt, who shortly was to organize the Felt & Tarrant Mfg. Co., in partnership with another Chicagoan, Robert Tarrant.

Thus was born the first of all the modern multiple-order key-board adding-calculating machines. Today's world-renowned "Comptometer," is a perfected evolution of it. The wide use of "Comptometer" and "Comptometer" methods—for fast, accurate handling of figure work, for simplifying and expediting management control—is a direct development of Mr. Felt's idea as originally embodied in the old macaroni box. Felt & Tarrant, Ltd., Toronto, Ontario.



STANDARD MODEL J "COMPTOMETER".  
High-speed dependable machine with Controlled-Key safeguard for all figure work.



ELECTRIC MODEL K "COMPTOMETER".  
Speedy, accurate, and simple to operate.  
Equipped with Controlled-Key safeguard.

# COMPTOMETER

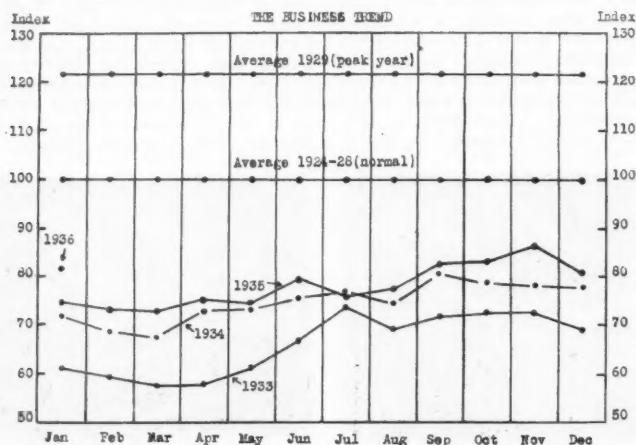
Reg. U.S. Pat. Off.

# Business Makes Good Start in 1936

January Index Well Ahead of Past Three years—At Present Rate of Improvement, 1937 Should be About Normal

By W. A. McKAGUE

The present year is right up to the past two years, in respect to the degree of recovery shown in the first month at least. The index which is charted herewith stood at 81.5 according to preliminary figures for January, compared with 74.5 for January, 1935, with 71.6 for January, 1934, and with 61.6 for January, 1933. Bank clearings for the early weeks of January showed wide gains over those of last year. Railway car loadings, on the other hand, are inclined to lag slightly behind. Besides these weekly figures, the index includes the latest monthly statistics of building permits, employment, life insurance sales, and foreign trade. When combined, they give a comprehensive picture of the general trend of business.



Now that 1935 records are complete, it is of interest to look back over the depression and the partial recovery which has taken place. For the index used here, the five year period 1924 to 1928 inclusive is taken as a normal or long term average. There was a gradual speeding-up of business during that period, 1924 being a relatively

## BUSINESS MAKES GOOD START IN 1936

dull year, while 1928 was unusually good, though not quite up to the peak year 1929. The indexes for recent years work out as follows: 1929, 122.0; 1930, 105.0; 1931, 87.4; 1932, 69.3; 1933, 68.5; 1934, 74.7; 1935, 77.8.

While 1935 was well ahead of the two low years 1932 and 1933, it was not, statistically speaking, up to 1931. In business sentiment, however, there was a marked contrast between these two years. In 1931 the contraction of business from the boom times was felt most severely, and falling prices caused loss in inventories in every business. But in 1935 we experienced the cumulative effect of recovery, — the gradual distribution of new purchasing power; prices were firm to slightly higher. All in all, it was probably a better year for business than was 1931. This is confirmed by the financial statements of many public companies; some of the heaviest losses were incurred in 1931, while in nearly all cases 1935 reports show improvement over the worst years, and often over 1931.

Comparing individual industries or statistics with their low years, and with long term averages, it is found that electric power production, newsprint production, and mineral output are back to normal, each being at the same time about double their low records of recent years. Total value of manufacturing production or industrial output is closely approaching the same position. But average commodity prices, also railway traffic, and the building industry, are slow to recover.

From the chart it will be observed that each month in 1934 and in 1935 kept ahead of the corresponding month of the previous year, with the single exception of July last, which because of a sharp drop in business activity fell a little short of July, 1934. On the whole the record is one of very consistent progress, which has every indication of continuing unless exceptional circumstances arise.

It is therefore interesting to estimate how soon we may get back to a normal or long term average, as that for the 1924-28 period. At the rate of progress shown to date, we should start 1937 at about 90 per cent, and reach normal during that year. An important price advance would speed up the whole trend. On the other hand, too much taxation, or too much governmental interference, would interrupt it with possibly lasting damage. Now that we have made so much headway, business may be relied upon to continue upward; in fact the next public problem may easily be the checking of a new boom based on depreciated currency and credit extension. There is probably no sound business man who wants that experience repeated.

---

Two elderly gentlemen, hard of hearing, were riding on a bus in London. One glanced out the window and said: "Oh, this must be Wembley." "No," said the other, "it's Thursday."

"I am, too," replied the first, "so let's go and have a drink."

## COST AND MANAGEMENT

# CHAPTER NOTES

### TORONTO

The January meeting this year, as usual, was not largely attended, being at a busy time for accountants, but the thirty-five who did turn out, on the 30th, to the meeting held at Muirhead's Cafeteria, were treated to a fine address on "Job Analysis" by Harry Taylor, of Canadian National Carbon Co., Ltd. The speaker concentrated on the peculiarities of one job compared with another, listing such features as eye strain, heat, fumes, etc. His company's plan is first to analyse the job, and then find the worker best suited to it. Differences in rates of pay then arise out of the nature of the job itself. Just how far adjustments should be made to meet union standards, individual pay requirements, etc., was a matter of company policy. Mr. Taylor's address is available for publication in a later issue of our magazine.

Chairman Dingle was back on the job for this meeting. George Appleton, C. D. Landell, R. J. Williams and others asked numerous questions.

A meeting on February 19th, to be held at the Canadian Military Institute, is to be addressed by W. T. Brickenden, of Thorne, Mulholland, Howson & McPherson.

### MONTREAL

(From the Montreal Gazette)

Members of the Montreal Chapter of the Canadian Society of Cost Accountants and Industrial Engineers witnessed what is said to be the most complete demonstration of Hollerith tabulating and calculating machines ever made in Canada, at their meeting Saturday night in the Railway Exchange Building, Craig Street West. The demonstration was preceded by discussions of the use and time saving merits of the machines by J. E. McKee, sales manager; W. D. Jones, vice-president; R. C. Miller, Montreal sales manager, and M. Goldsmith, all of the International Business Machines Company Limited.

Mr. Goldsmith discussed the systems in use in the City Hall for compiling the payrolls and issuing pay cheques for approximately 16,000 employees, and that used for unemployment relief. During the addresses charts were used to show exactly how the machines could be employed in certain types of business to function in much the same manner as the safety valve on a steam boiler by controlling the business through a series of exceptionally rapid calculations whenever figures might be required.

Many questions were asked by the 60 members of the society present, following the addresses, showing the keen interest taken.

The local chapter's business session was opened by P. W. Wright, the president, who then introduced the speakers.

COST AND MANAGEMENT

## REFERENCE LITERATURE

### RECEIVED IN JANUARY

Accounting on the Development of an Economy, Influence of. Journal of Accountancy January.

Oil Inventories Accounting, Journal of Accountancy, January.

Comparative Costing, Principles of. The Cost Accountant, December.

Remuneration, Methods of. Accountants' Journal, January.

Inventory Control and Valuation. National Association of Cost Accountants, January 1.

Materials, Accounting for Productive. National Association of Cost Accountants, January 1.

Month, What did we Earn Last? National Association of Cost Accountants, January 15.

Dimension Costing System, The Essential Factors in a. Certified Public Accountant, January.

Screw Machine Products Industry, Product Cost and Estimating in the. Certified Public Accountant, January.

Price Plans, A Public Policy as to Open. Certified Public Accountant, January.

---

The story is told of the expert who having been called in when a factory engine broke down, took one look, made two taps with a hammer, and started the motor in perfect order. The owner, indignant at receiving a bill for \$50, asked for an itemized statement. This is what he got:

Tapping with Hammer .....	\$ 1.00
Knowing Where to Tap .....	49.00
<hr/>	
	\$50.00

\* \* \* \*

An excursion train had stopped unexpectedly at a country station, and the guard, stretching his legs on the platform, observed blue smoke pouring from the window of a carriage prominently labelled "no smoking." He opened the door and, after surveying six guilty-looking holiday-makers, said:

"Gentlemen, there are two rules on this line which repeatedly are broken. First, smoking is forbidden in carriages not set aside for that purpose. Also, the company's servants may not accept gratuities. You already have broken one of these rules."

COST AND MANAGEMENT

## TARIFF and TAXATION

Some Recent Rulings of the Department of National Revenue

### DEPARTMENT RULINGS

First Aid Cabinets and First Aid Kits or Packets, consisting of a carton or metal case containing principally surgical dressings, aseptic or antiseptic, such as gauze bandages, gauze, absorbent cotton, lint and gauze pads, whether or not also containing other articles such as adhesive tape, antiseptics, medicines, medical plasters, safety pins, splints, applicators, and a pair of scissors, when imported and invoiced as entities, may be classified under tariff item 236.

When the various articles comprising the cabinets and kits or packets are itemized and valued separately on the invoice, they are, of course, to be rated under the various tariff items applicable.

This ruling is effective on and after the 23rd October, 1935.

"Dresser" pipe couplings of iron or steel are suitable under tariff item 400, irrespective of the diameter of the pipe on which they are to be used.

This ruling is effective on and after the 28th October, 1935.

Steel chassis frames for passenger automobiles are of a class or kind not made in Canada.

This ruling is effective on and after the 1st October, 1935, and supersedes the ruling in Appraisers' Bulletin No. 3530.

---

### Decisions of the Tariff Board on Appeals Under Provisions of Part II of the Tariff Board Act

At the sitting on the 28th February, 1935—Appeal No. 44. In the matter of the request of the Department of National Revenue, Customs Division, for a ruling on the tariff classification of skelp for use in the manufacture of pipe couplings.

Ruling on the 12th June, 1935:—

When pipes and tubes are manufactured by manufacturers of pipes and tubes in their own factories out of material dutiable under Tariff Item 384, coupling for such pipes and tubes made out of the same material are within the description "pipes and tubes" in Tariff Item 384.

The said decision of the Tariff Board is interpreted to mean that when skelp of iron or steel, hot rolled, is imported by a manufacturer of pipes and tubes and such manufacturer uses the skelp in his plant in making pipe couplings, Tariff Item 384 applies, but that this item does not apply if the skelp is imported by a manufacturer who makes

## TARIFF AND TAXATION

pipe couplings only, and who does not also make pipe upon which such couplings are used.

At the sitting on the 11th July, 1935—Appeal No. 47. In the matter of the appeal by Leith and Dyke Limited, Vancouver, B.C., against a ruling of the Department that material described as "Asbestos Dryer" is dutiable under Tariff Item 542.

Ruling on the 11th September, 1935:—

Asbestos Dryer for paper-making machine manufactured by Messrs. Porritts and Spencer, Limited, Bury, Lancashire, England, as per sample submitted is dutiable under Tariff Item 542.

Appeal No. 48. In the matter of the appeal by Ottawa Silica & Sandstone, Limited, Ottawa, against a ruling of the Department that silica sand is admissible under Tariff Item 295.

Ruling on the 11th September, 1935:—

The material which is imported from the United States, commonly known as silica sand, is entitled to entry under Tariff Item 295.

Do You realize that poorly made Business Forms have an unfavorable influence on the efficiency of an organization.

The best accountants demand well made forms, for they know by their use errors are avoided and better work is done with less expense. This will hold good throughout all departments of an organization.

We are Specialists in the manufacture of Business Forms and Stationery, and no other class of Printing is done by us. THINK?

BUSINESS SYSTEMS LIMITED  
52 Spadina Ave.  
TORONTO

Tel. Adel. 2621

*Direct Appeal*

*to*

**Cost Accountants**

**General Accountants**

*and*

**Production Executives**

*is possible through advertising in Cost and Management.*

**RATES ON REQUEST**

**50 HARBOUR ST.,  
TORONTO, CANADA**

COST AND MANAGEMENT

Ottawa, 30th December, 1935.

**Surtax on Japanese Goods**

By Order in Council the surtax imposed under the regulations made by Order in Council (P.C. 2109) of the 22nd July, 1935, as modified by Order in Council (P.C. 2317) of the 3rd August, 1935, upon articles the growth, produce or manufacture of Japan, when imported into Canada, is suspended on the said articles on and after the 1st January, 1936.

This will apply to all such articles imported or taken out of warehouse for consumption on and after the 1st January, 1936, and also to articles previously imported for which no entry for consumption was made before that date.

Ottawa, 3rd January, 1936.

**Tariff Change by Order in Council**

By Order in Council P.C. 3986, passed on the 30th ultimo, Tariff Item No. 820, referred to in Memorandum No. 794, is continued in effect from January 1st, 1936, to June 30th, 1936.

Ottawa, 3rd January, 1936.

**Tariff Change by Order in Council**

By Order in Council P.C. 3820, passed on the 17th ultimo, Tariff Item No. 821, referred to in Memorandum No. 807, is continued in effect from January 1st, 1936, to June 30th, 1936.

Ottawa, 10th January, 1936.

**Value of Oak Flooring**

Under the provisions of Section 36 (2) of the Customs Act, the lowest values for duty purposes of Oak Flooring per 1,000 feet board measure at the place of production in the Southern United States are as follows:

	Finished Sizes			
	13/16"x2 1/4"	13/16"x2"	13/16"x1 1/2"	5/16"x2"
Clear Quartered White . . .	\$95.00	\$71.50	\$61.00	\$80.00
Clear Quartered Red . . . .	77.00	66.50	52.50	70.50
Select Quartered White . .	61.50	56.50	48.00	56.50
Select Quartered Red . . .	58.00	56.50	43.00	55.50
Clear Plain White . . . . .	66.50	59.00	52.50	61.00
Clear Plain Red . . . . .	61.00	56.50	48.00	55.50
Select Plain White . . . . .	53.50	53.50	43.00	51.50
Select Plain Red . . . . .	51.50	52.50	39.50	46.00
No. 1 Common White . . . . .	46.00	49.00	35.50	43.00



## **Modern Methods for Modern Business**

If you are looking for greater speed and efficiency in the management of your business, it will pay you to investigate the machines and methods of IBM. To-day, more than seven hundred models of International Business Machines are saving minutes, money and material for government and business in seventy-nine different countries.

International Electric Bookkeeping and Accounting Machines provide detailed information regarding any phase of any business. The complete, printed reports from these machines give management an undistorted fact-picture with greatest possible speed.

International Time Recorders and Electric Time Systems are saving thousands of dollars daily in operating costs through the coordination and efficient control of time.

The International Electric Writing Machine is the latest addition to the IBM line. It provides more distinctive correspondence and greater typing speed.

*Modern Methods for Modern Business Needs* is the title of a new, illustrated booklet which gives detailed information regarding all IBM equipment. Free copy on request.

# INTERNATIONAL BUSINESS MACHINES CO., LIMITED

HEAD OFFICE & FACTORY - 300 CAMPBELL AVE., TORONTO 9, ONT. BRANCH OFFICES IN ALL OF THE PRINCIPAL CITIES



## COST AND MANAGEMENT

No. 1 Common Red .....	45.00	49.00	34.00	38.50
No. 2 Common Mxd. ....	29.00	27.00	18.00	16.00
No. 1 Common and Better	37.50	34.00	28.00	23.50
Shorts 10"x18"				

Counted Sizes				
1"x3"				
1"x2 $\frac{3}{4}$ "		1"x2 $\frac{1}{2}$ "	1"x2 $\frac{1}{2}$ "	
1"x2 $\frac{1}{4}$ "		1"x2"	1"x2"	1"x2"

The above mentioned values are subject to a discount of 5 per cent on importations by wholesalers selling to dealers. The provisions of Section 6 of the Customs Tariff Act apply.

### Oak Floor Grading Rules

**Clear Grade (First).** The face shall be all heartwood and practically free of defects.

Bundles to be 2' and up, not to exceed 20 per cent under 4'. Average length 5'.

**Select Grade (Second).** May contain sap and will admit pin worm holes, streaks, slight imperfections in working or a small tight knot, not to exceed one to every 4' in length.

Bundles to be 2' and up. Average length 4'.

**No. 1 Common (Third).** Shall be of such nature as will make and lay a sound floor without cutting.

Bundles to be 2' and up. Average length 3'.

**No. 2 Common Grade (Fourth)** may contain defects of all characters but will lay a serviceable floor.

Bundles to be 1 $\frac{1}{4}$ ' and up. Average length 2 $\frac{1}{2}$ '.

Ottawa, 18th January, 1936.

### DRAWBACKS

#### **Ships' Stores and Anti-Fouling and Anticorrosive Paints**

The following regulations established by Order in Council (P.C. 22/3720) dated 2nd December, 1935, consolidate the regulations previously issued governing payment of drawback on ships' stores and ships' furnishings or equipment, and anti-fouling or anticorrosive paints, as contained in Memoranda Nos. 1075-B, 1549-B, 2030-B, 2056-B and 237, all of which are hereby superseded:—

Drawback of duties paid on Ships' Stores and Ships' Furnishings or Equipment, supplied to vessels proceeding on ocean voyages and on Anti-fouling and Anticorrosive Paints used on any ship undergoing repairs in a Canadian port and the proceeding on a voyage to a port outside of Canada.

#### **1. Ships' Stores and Ships' Furnishings or Equipment**

(a) A drawback equal to the Customs duty and tax paid may be allowed on ships' stores delivered for British and foreign warships and telegraph cable ships, for transports, owned, charter-

## TARIFF AND TAXATION

ed or controlled by the British Admiralty, and for ships proceeding on an ocean voyage outside of Canada for use on board thereof; Provided that the Minister of National Revenue shall define and limit the kind, quantity and class of goods which may be so delivered as ships' stores, and that such stores or any part thereof shall not be relanded, sold or disposed of in Canada, without due entry and payment of duty;

- (b) A drawback equal to the Customs duty and tax paid may be allowed on ships' furnishings or equipment, articles used in the manufacture of ships' furnishings or equipment, and on goods commonly known as ships' chandlery, supplied to vessels
  - (a) plying on trans-oceanic routes, (b) bound from a port on the Atlantic to a port on the Pacific coast and vice versa, and (c) bound for ports south of the line of the Tropic of Cancer.
- (c) Before the delivery of stores for the said ships the applicant for drawback shall notify the local Collector of Customs and Excise, in writing, as to the kind and quantity thereof and the time of shipment, and the delivery of such stores on board the ships shall be certified by a Customs Officer, and by the master or other officer of the ship authorized thereto, in the form prescribed by the Minister of National Revenue.
- (d) The claimant shall not be entitled to receive such drawback until he has furnished to the Minister of National Revenue satisfactory evidence as to when and where the duty was paid, and such further evidence as the Minister of National Revenue may deem necessary to establish the claim and the bona fide delivery of the stores.

### 2. Anti-fouling and Anticorrosive Paints

- (a) A drawback equal to the Customs duty and tax paid may be allowed on anti-fouling and anticorrosive paints used on any ship undergoing repairs in a Canadian port, and the proceeding on a voyage to a port outside of Canada.
- (b) Before the delivery of anti-fouling or anticorrosive paint for repairs of vessels, the applicant for drawback shall notify the local Collector of Customs and Excise in writing, as to the quantity and description of paint proposed to be used, the name of the vessel and its foreign port of destination.
- (c) The claimant shall not be entitled to receive such drawback until he has furnished to the Minister of National Revenue (through the Collector) satisfactory evidence as to the quantity and value of paint used; and when and where the duty was paid thereon, together with a certificate as to the clearance of the vessel, and such further evidence as the Minister of National Revenue may deem necessary to establish the claim.

### 3. Such drawbacks shall not be paid unless the duty and tax have been paid on the goods within three years immediately preceding

## COST AND MANAGEMENT

ing date of delivery to the vessel, and claim for drawback substantiated upon Oath before a Collector of Customs and Excise, in approved form, to the satisfaction of the Minister of National Revenue, within six months thereafter.

4. Claims for drawback under the above regulations should be made on Customs Drawback Form K. 36 Amended.

---

Ottawa, 22nd January, 1936.

### League of Nations Economic Sanctions Italy and Italian Possessions—Prohibition of Importations

Referring to Memorandum Series D. No. 16, you are advised that by Order in Council P.C. 164, dated January 18, 1936, Order in Council P. C. 3594, dated November 15, 1935, being the Treaty of Peace (Covenant of the League of Nations) Order, 1935, is amended by adding the following paragraphs to Article 1 thereof:—

- (6) Paragraph 1 of this Article shall not apply to
  - (a) Newspapers, periodicals, printed books and printed music;
  - (b) Maps and hydrographic charts.
- (7) Notwithstanding anything in the said paragraph (1) the Minister may by license authorize the importation of any goods which are prohibited to be imported thereby, if he is satisfied that the price of the goods was wholly paid to the Italian exporter on or before the 19th day of October, 1935.

All application for licences under the authority referred to above should be submitted to the Department direct, with documentary evidence of purchase and payment therefor, as stipulated in Section (7).

---

Ottawa, 29th January, 1936.

### Consolidated Departmental Regulations Governing the Temporary Admission of Theatrical Costumes and Scenery Costumes

1. Theatrical costumes being the personal property of the actor, when imported by him for his own use in the theatrical exhibitions, and not for sale or for use by any other person, may be admitted free as travellers' baggage. Similar treatment may be accorded to theatrical costumes imported by foreign producing companies or proprietors of vaudeville acts when such costumes are owned or rented by such producing companies or proprietors of vaudeville acts and when used by them or regular members of the importing company or troupe and not by any other person.

2. Used theatrical costumes imported by Canadian theatrical companies or individual Canadian actors performing in such com-

## TARIFF AND TAXATION

panies on rental and to be exported after temporary use in Canada, and used costumes brought in by promoters, actor managers or directors entering Canada with one or more costumes for use in the presentation of amateur or other performances for charitable or other institutions and to be exported after such temporary use, are dutiable. After an investigation into the value of such costumes at the time of importation, the Department has determined that \$2 per costume is the minimum amount of duty and taxes to which such costumes should be liable, having in view the average condition of used costumes, the lack of a basis upon which any fair market value in the country of production may be established and the temporary use only in Canada for which such costmuse are imported.

3. Costumes which do not come within the provisions of the preceding sections are dutiable under the ordinary provisions of the Customs Tariff.

### Scenery

4. Theatrical scenery, having been used abroad by managers of theatrical exhibitions, imported into Canada for use in such exhibitions, and not by or for any other person, nor for sale, may be admitted without payment of duty and taxes, provided it is reported on Form E-29, and a cash deposit in a sum equivalent to the duty and taxes ordinarily payable thereon, furnished the Collector of Customs and Excise. If the articles are exported under Customs supervision within six months from the time of entry, the deposit will be subject to refund; otherwise, same will be taken to account as duty and taxes.

Memorandum 781 is hereby superseded.

---

One day a newly-rich fellow rushed into the railroad station, laid a \$20 bill down at the ticket-seller's window, and said:

"Gimme a ticket."

"Where to?" asked the ticket agent.

"Anywhere. It doesn't make no difference," said the newly-rich guy, "I got business all over."

\* \* \* \*

The veteran was on his favorite topic—his experience as a soldier in all parts of the world.

"I remember the time when we were stationed near Babylon. Why, it was so hot that we used to toast our bread in the sun, and—"

"Yes, I know," interrupted a war-weary youngster, "and they supplied you with corkscrews to draw your breath."

\* \* \* \*

"Jeannie, lassie, I've just had a vessit frae Tammie, and I've consented to your marriage."

"Oh, but, faither, I dinna want to leave mither."

"Hoots, lassie, dinna let that trouble ye; ye can tak' her wi' ye."

## COST AND MANAGEMENT

### COMMITTEE ON COSTS OF MILK

---

To undertake an extensive investigation of the cost of production and distribution of milk in the Dominion and report to each provincial milk board, the conference on milk control in Canada at its meeting in Montreal on January 23rd, appointed a committee of three.

The committee is composed of H. C. Blis, chairman of the Quebec Dairy Commission; J. E. Houck, chairman of the Ontario Milk Control Board, and H. N. Flewelling, secretary of the New Brunswick Dairy Products Commission.

---

### INSTITUTE OF COST AND WORKS ACCOUNTANTS

---

The results of the half-yearly examinations of the Institute of Cost and Works Accountants of England, held in December 1935, are now published. 75 out of the 190 intermediate candidates, and 40 out of final candidates, are awarded a pass. The first place in the intermediate has been obtained by L. A. Rich, (Crowther & Goodman, London), and the first place in the final by N. H. Cockbill, (Cadbury Bros. Ltd., Bournville, Birmingham), the latter also being awarded the "S. Laurence Gill" prize. The "Leverhulme" prize, for the best set of papers in Costing in the final examination, has also been awarded to Mr. Cockbill.

---

First Tourist to Second (both members of one of the high-speed conducted tours, doing Europe by schedule) — Is this Rome or Florence?

Second—Is this Thursday or Friday?

First—Friday.

Second—Then it's Rome.

\* \* \* \*

A very nice old lady had a few words to say to her granddaughter.

"My dear," said the old lady. "I wish you would do something for me. I wish you would promise me never to use two words. One is 'swell,' and the other is 'lousy.' Would you promise me that?"

"Why, sure, Granny," said the girl. "What are the words?"

\* \* \* \*

"Yes," the woman on the bus said to her companion, "my uncle died suddenly last July."

"I am so sorry!" said her companion. "Did he die a natural death?"

"Oh, yes, indeed," replied the first woman. "He was killed in an automobile accident."

